Supreme Court, U.S.
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No. 08-752

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In The
Supreme Court of the United States

BRENNAN'S, INC.,

*Petitioner,*

v.

BERT CLARK BRENNAN
and BLAKE W. BRENNAN,

*Respondents.*

**On Petition For Writ Of Certiorari**
**To The United States Court Of Appeals**
**For The Fifth Circuit**

# BRIEF IN OPPOSITION

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## QUESTION PRESENTED

Whether Petitioner has presented compelling reasons to grant the Petition, where the Fifth Circuit's Opinion affirming the District Court's rigorous analysis of the evidence presented at a trademark infringement preliminary injunction hearing does not conflict with a decision of this Court or a Court of Appeals, and where Petitioner does not claim the Fifth Circuit's ruling implicates an important federal question that has not been settled by this Court.

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## STATEMENT OF THE CASE

Petitioner Brennan's, Inc. (the "Company") has asserted that there is a split among circuit courts of appeal and that the "split" is pertinent to the resolution of this case. Furthermore, the Company insists that the Fifth Circuit's ruling affirming the District Court's detailed critique of the evidence presented at the hearing on the Company's application for a preliminary injunction was erroneous. However, the "split" cited by the Company is mythical. In fact, the circuit courts and district courts have uniformly considered "consent" agreements in the multi-factor likelihood of confusion trademark infringement analysis. The courts have consistently considered all the facts and circumstances involved in the formation, execution and implementation of these agreements and given them whatever weight the court deems fit for each situation. Accordingly, the "split" is fictional and the Petition should be denied. Moreover, the Company has exaggerated the significance of the consent agreements. The District Court did not use the agreements to support its decision other than in discussing the "intent to confuse" factor of the likelihood of confusion analysis.

The Company has mischaracterized the Fifth Circuit's ruling and the District Court's reliance upon the agreements at issue in this case. Even if one assumes for argument's sake that the two "consent" agreements introduced into evidence were licenses, at least one of the agreements contained no control provisions and therefore it is a "naked"

license. Contrary to the Company's Petition, the Circuit Courts have addresses this issue and have uniformly held that "naked" licenses may result in trademark owners being estopped from asserting infringement claims.

Consequently, for these aforementioned reasons the Company's Petition should be denied.

## I. The Underlying Dispute

The Company is owned equally by Owen ("Pip") Brennan, Jr., Theodore ("Ted") M. Brennan, and James ("Jimmy") C. Brennan. In April of 1995, Respondents Clark Brennan and Blake Brennan ("Clark and Blake") were hired as co-general managers of the restaurant owned by the Company. Pip Brennan is the father of Clark and Blake Brennan. Ted and Jimmy Brennan are the brothers of Pip Brennan and are Clark and Blake's uncles. The Company is the owner of the Brennan's restaurant. Ted and Jimmy Brennan ousted their brother, Pip, from the company management. The three owners/brothers are currently embroiled in two lawsuits in state and federal courts in New Orleans, Louisiana over control of the Company. This trademark infringement lawsuit is a part of Ted and Jimmy Brennan's effort to thwart their brother's family from operating restaurants in New Orleans and elsewhere.

No less than six Brennan family restaurants using the word "Brennan" or "B" are operating in New Orleans blocks away from the Company's "Brennan's" restaurant:

1. Dickie Brennan's Palace Café;
2. Dickie Brennan's Bourbon House;
3. Dickie Brennan's Steakhouse;
4. Ralph Brennan's Red Fish Grill;
5. Ralph Brennan's Bacco; and
6. Mr. B's.

Although this is the first family dispute between the members of the Company, intra-familial disputes between other Brennan family factions have been quite common over the years.

## II. The 1979 Settlement Agreement

The first documented family feud arose during the 1970's between competing Brennan family restauranteurs. After much negotiation, the feuding factions entered into a use agreement for the "Brennan's" mark so as to avoid any future confusion between those using the Brennan name (the "1979 Agreement"). In the 1979 Agreement, the Brennan family was divided into two groups: the Brennan's, Inc. (the Company) group, and the Brennan's, Ltd. (Commander's Palace) group. The Brennan's, Ltd. group included the aunts and uncles of Pip, Ted and Jimmy. In addition to other restaurants, the Brennan's, Ltd. group operated Commanders Palace, and Mr. B's restaurants in New Orleans. The 1979 Agreement gave exclusive use of the "Brennan's" name to each respective group in certain geographic areas. Under the terms of the 1979 Agreement, Brennan's, Inc. could continue to operate "Brennan's of New Orleans," and Brennan's, Ltd. was allowed to continue operation of identical replications of the New Orleans' Brennan's and use the name "Brennan's of Houston," and "Brennan's of Atlanta."

Although the Company attempts to label the 1979 Agreement as a "licensing" agreement, a cursory review of its title and its contents belies the Company's moniker. The 1979 agreement title is "settlement agreement," not "licensing agreement,"

and the body of the agreement contains detailed provisions relating to the use of the marks. Clearly, these provisions were drafted and negotiated to eliminate customer confusion:

> 3. EXPANSION
>
> * * *
>
> b. Both parties agree that except for the four existing BRENNAN'S Restaurants . . . no Restaurant Operation shall be opened or operated by either party anywhere under the name Brennan or Brennan's, or in conjunction with the name Brennan or Brennan's . . . . Both parties further agree that they . . . may each open, operate or sell additional Restaurant Operations under the surname Brennan provided such party or purchaser from such party agrees to and observes all of the following conditions in regard to each such additional Restaurant Operation.
>
> 1) One or more first names are always used in conjunction with the surname Brennan as the name of the Restaurant Operation, for example, "Pip, Jimmy and Ted Brennan's Restaurant", "Dick Brennan's", "Ella Brennan's Restaurant," etc.
>
> 2) The first name or names are always of at least equal prominence with the surname Brennan in regard to size, color, appearance and similar

characteristics in any and all uses of the surname Brennan so that the name Brennan does not appear to be and is not emphasized nor more prominent that the first name or names;

3) No name appears in script form;

4) None of the three marks are used;

5) No connection or association is made between any such "first name/surname" Restaurant Operation and any of the four existing Brennan's Restaurants in New Orleans, Atlanta, Dallas, and Houston, nor the cities in which these restaurants are located, except that LTD may indicate a connection or association with Commander's Palace Restaurant or Mr. B's Bistro (The Quarter Bistreau) in New Orleans.

Record Excerpt at page 71-73, Settlement Agreement at 3-5.

In addition, the feuding family members attempt to eliminate confusion about the use of the surname "Brennan," and the potential conflicts that might arise when using the family name on trademarks and servicemarks:

6. AVOIDANCE OF CONFLICT

b. Nothing herein shall prohibit, restrict or prevent either party to this Agreement from discreetly using, in any advertising or menus, the name Brennan or Brennan's

> together with a first name or names to indicate proprietorship of any non "Brennan's Restaurant" owned by that party, provided that the first name or names are always placed first and are always of at least equal prominence with the surname in regard to size, color, appearance and similar characteristics, and further provided that LTD shall not be required to comply with this provision insofar as Commander's Palace Restaurant is concerned as to any advertising previously contracted for and, until such time as new menus are printed for said restaurant, as to the menus for Commander's Palace Restaurant.

Record Excerpt at page 79-80, Settlement Agreement at 11-12.

Despite the self-serving label given to the 1979 Agreement by the Company in its Petition, the 1979 Agreement, by its very nature and operation, is a "consent to use" agreement. The parties to the 1979 Agreement desired to avoid confusion in the marketplace about the operation of family restaurants, and they agreed as to how the mark was to be used, what format it would take, and even how it was to be presented in advertising.

## III. The 1998 Agreement

In its introductory provisions, the 1998 Agreement confirms its purpose and intent:

> WHEREAS, Richard Brennan Jr. has created and currently operates restaurants in or near the city of New Orleans, under the name and service mark DICKIE BRENNAN'S PALACE CAFÉ and DICKIE BRENNAN'S STEAKHOUSE; and
>
> WHEREAS, Richard Brennan Jr. desires to promote both the aforementioned restaurants using his name "Dickie Brennan;" and
>
> **WHEREAS, the parties are mutually desirous of avoiding any confusion of the trade or public as to the origin, affiliation or sponsorship of any restaurants operated by them;**

Consent-to-Use Agreement 1, Record Excerpt 106 (emphasis added).

The terms of the 1998 Agreement between yet another family member operating a restaurant bearing the Brennan surname are almost identical to the "use" terms of the 1979 Agreement:

> NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is expressly acknowledged, the parties hereby AGREE as follows:
>
> Brennan's, Inc., shall not object to the operation by Richard Brennan Jr. of restaurants under the name and marks

DICKIE BRENNAN'S PALACE CAFÉ and DICKIE BRENNAN'S STEAKHOUSE, or under other names which may be opened in the future, so long as:

1. The use of BRENNAN'S by Richard Brennan Jr. shall always be accompanied by the name DICKIE and the term BRENNAN'S shall not be of greater size or prominence than the name DICKIE, and shall be arranged so as to present a combined name of DICKIE BRENNAN'S, as proprietor;

2. The use of DICKIE BRENNAN'S shall be used in conjunction with the remaining portions of the names and marks so as to present a unified name and mark, such as DICKIE BRENNAN'S PALACE CAFÉ and DICKIE BRENNAN'S STEAKHOUSE, and the name DICKIE BRENNAN'S shall not be of greater size or prominence than the remaining portion or the restaurant name;

3. The names and service marks of Richard Brennan identified as being permitted hereunder shall not appear in script style; and except as shown on Exhibit "A" attached hereto; and

4. No connection is made, promoted or suggested between any restaurant operated by Richard Brennan Jr. and

> any restaurant operated under a name or mark owned or licensed by Brennan's, Inc., including but not limited to those identified above. By way of example but not limitation, use by Richard Brennan Jr. of terminology such as "original" or "famous" would imply such a connection.

Consent-to-Use Agreement 1-2, Record Excerpt 06-07.

The 1998 agreement also included a telling strikeout provision. The strikeout confirmed that the parties intended that Richard Brennan, Jr. ("Dickie") would be allowed to file a trademark application for his use of his surname in the name of his restaurants:

> Richard Brennan Jr. does not and shall not object to any use or registration of a name or mark incorporating the name BRENNAN by Brennan's, Inc., ~~**and, further, has not and shall not apply to register any mark containing the term and, further, has not and shall not apply to register any mark containing the term BRENNAN as a part thereof.**~~

Consent-to-Use Agreement 2, Record Excerpt 107 (emphasis added; strikeout in original).

Accordingly, the language of the consent agreement is clear – as long as Dickie followed the strict rules governing potential confusion regarding

the use of the "Brennan" surname, he was free not only to use the mark in identifying restaurant goods and services, but also to apply for trademark registration with the United States Patent and Trademark Office ("USPTO"). The 1998 Agreement did not include any quality control provisions and did not provide any geographic limitations, nor did it limit Dickie to any number of restaurants. Dickie currently operates three restaurants using the "Brennan" name within blocks of the Company's restaurant in New Orleans.

## IV. Trademark Infringement Claims

In addition to the two "consent" agreements, the Company has allowed others to use the Brennan name on restaurants. Many years before this dispute, the Company registered the servicemark "Owen Brennan's." The Company eventually received a trademark registration for the mark, and under a "licensing" agreement with another company, a restaurant in Memphis, Tennessee began using the "Owen Brennan's" mark. On March 29, 2005, at the conclusion of a meeting with all of the shareholders of the Company, an Assignment of Service Mark Agreement was executed by Pip Brennan as President of the Company ("March Assignment"). Under the terms of the March Assignment, the ownership of the Owen Brennan's mark was conveyed to B.3.G., L.L.C. Clark and Blake are the sole owners of B.3.G., L.L.C.

In June 2005, Ted and Jimmy Brennan met with Clark and Blake. The uncles, in no uncertain terms, expressed disapproval with Clark and Blake's efforts

to expand the use of "Owen Brennan's" service mark. Ted and Jimmy made it clear to Clark and Blake that they would have no ownership position in the company, that they would receive no further raises, that there was no possibility of further advancement, and that expansion was no longer an option. The source of Ted and Jimmy's dissatisfaction related to Clark and Blake's suggestion that Ted and Jimmy consider selling their interest in the restaurant to Clark and Blake. Clark and Blake left the June 2005 meeting with a clear understanding that, if they were dissatisfied with their current situation, they should leave and find other work.

In June of 2005, Clark and Blake began to explore their options, which included expansion of the "Owen Brennan's" mark, and development of Clark and Blake's own restaurant business. However, in late August of 2005, their plans were delayed when Hurricane Katrina devastated New Orleans and the surrounding Gulf Coast. Clark's and Blake's homes were completely destroyed. Clark and Blake relocated their families to Jackson, Mississippi. During the months following Katrina, Clark and Blake traveled from their temporary homes in the Jackson, Mississippi area to New Orleans to help re-open Brennan's Restaurant. At some point during the months following Katrina, Clark and Blake decided to open a new restaurant in the Jackson, Mississippi area, located 187 miles north of New Orleans, Louisiana. Later, they decided to open a similar restaurant in Destin, Florida - - over 250 miles from New Orleans.

On March 1, 2006, Clark and Blake gave their written resignations to the Company. Clark and Blake first selected the mark "Brennan Brothers" as the name for their restaurant. Clark and Blake filed an intent-to-use trademark application for this mark. The USPTO refused registration of the "Brennan Brothers" mark. The trademark examiner eventually based the denial upon the fact that the proposed mark was "primarily a surname." After they received a cease and desist letter from the Company about the use of the "Brennan Brothers" mark, Clark and Blake decided to change the name of their future restaurants.

Clark and Blake next considered using the "Owen Brennan's" mark, which was the subject of the March 2005 Assignment. However, Clark and Blake Brennan made a business decision against the use the "Owen Brennan's" mark because it was being used by a business establishment in Memphis, Tennessee, and also because Ted and Jimmy Brennan angrily objected to any additional use of the mark. In yet another attempt to appease their demanding uncles, Clark and Blake decided to use - - "Clark and Blake Brennan's Royal B" - - as the name for their new restaurants.

Although they were not parties to the 1979 and 1998 Agreements, Clark and Blake Brennan decided to use a name that would comply with the use restrictions contained in these agreements. The "Clark and Blake Brennan's Royal B" mark was accepted for registration by the USPTO, but the application has since been held in abeyance pending the outcome of this litigation. The mark, along with

its shortened version "Royal B," are the marks which Clark and Blake intend to use and are using to operate their restaurant operations. In response to Clark and Blake's decision to use these marks, the Company filed the District Court action and sought a preliminary injunction based upon claims of trademark infringement, unfair competition, federal anti-dilution law, and Mississippi anti-dilution law.

The Company demanded extraordinary injunctive relief from the District Court for "trademark infringement," and requested an order blocking the use of the mark "Clark and Blake Brennan's Royal B" in Jackson, Mississippi, Destin, Florida, and elsewhere. After an extensive evidentiary hearing on the application for preliminary injunction, the District Court denied the requested injunctive relief because the Company failed to establish the essential prerequisites needed to issue a preliminary injunction.

The Fifth Circuit affirmed the District Court's finding that the Company's trademark infringement claims will fail because, among other things, it failed to establish a likelihood of customer confusion. In addition, the Fifth Circuit affirmed the District Court's ruling that the Company failed to establish a substantial threat of immediate and irreparable harm. In fact, the record is totally void of any testimony about the threat of irreparable loss if Clark and Blake are allowed to operate a restaurant with the name of "Clark and Blake Brennan's Royal B." Moreover, the Fifth Circuit affirmed the District Court's holding that the balancing of harms test favors Clark and Blake. Clark and Blake provided

overwhelming evidence of the harm they would potentially suffer if the court issued a preliminary injunction. In contrast, other than sheer conjecture, the Company introduced no evidence of the harm it would suffer if the request for an injunction was denied. Finally, the Fifth Circuit affirmed the District Court's finding that the use by Clark and Blake of their surname in a restaurant name does not disserve the public interest.

The Fifth Circuit affirmed the District Court's denial of the application for preliminary injunction and adopted the lower courts extensive ruling on the likelihood of confusion factors. In discussing the "intent" factor of multi-factor likelihood of confusion analysis, the District Court mentioned the 1979 and 1998 Agreements and concluded they were "consent-to-use" agreements:

> The court is not persuaded that defendants selected the mark "Clark and Blake Brennan's Royal B" for the purpose of creating confusion. These defendants simply wanted to use their own names on their own restaurants, and undertook to do so in a way they thought (or at least hoped) would satisfy plaintiff's objections to their use of the Brennan name. In so doing, defendants relied on earlier agreements between Brennan's, Inc. and other members of the Brennan family prescribing allowable use of the "Brennan's" mark, including a 1979 agreement with Owen Brennan, Sr.'s brothers and sisters and their heirs, and a 1998 agreement with Dickie Brennan. **The stated purpose of those**

> **consent-to-use agreements was to delineate acceptable uses of the mark toward the goal of avoiding confusion of the trade or public," and both agreements provided that the other Brennan family members could use the Brennan name so long as they adhered to certain defined criteria . . .**

*Brennan's, Inc. v. Brennan*, 512 F. Supp. 2d 568-69 (S.D. Miss. 2006), *aff'd*, 2008 U.S. App. LEXIS 16890 (5th Cir. 2008) (footnotes omitted). In footnote 13, the District Court discussed the "consent to use" defense raised by Clark and Blake, but did not rule on this defense:

> Defendants have argued that plaintiff is foreclosed from asserting a claim for infringement because their mark complies with the requirements of the 1979 and 1998 agreements. In *Brennan's, Inc.* [Dickie Brennan lawsuit], the Fifth Circuit declined to decide whether a stranger could rely on a consent-to-use agreement, stating:
>
> > We point out that the defendants do not raise the theory, adopted by some courts but not by others, that a stranger to a consent-to-use agreement can use the agreement against the mark-holder as an admission that certain uses do not create confusion, though other courts reject such a theory. *See* 2 McCarthy § 18:81. In terms of the facts of this case, the

> argument would be that the plaintiffs' consent to let Dickie use certain names could be turned against the plaintiffs if they brought an infringement case against other parties for similar conduct, on the theory that even strangers to the consent-to-use agreement could use the plaintiffs' contract with Dickie as an admission that such uses do not produce confusion. Since the defendants have not raised this particular theory in their brief in defense of either the companies or Richard Sr., we accordingly express no opinion on whether such a theory is a viable defense in an infringement suit. *Brennan's, Inc. v. Dickie Brennan & Co. Inc.*, 376 F.3d at 369 n. 7.

*Brennan's, Inc.*, 512 F. Supp. 2d at 569, n. 13.

The Fifth Circuit – without discussing the use agreements – affirmed the lower courts ruling that the Company had failed to establish a substantial likelihood of success on the merits. Nonetheless, it is clear that the District Court and the Fifth Circuit did not base their decisions upon the consent agreements at issue in this appeal – except as to deciding the intent to confuse factor in favor of Clark and Blake.

## REASONS FOR DENYING THE PETITION

The decisions below do not conflict with a decision of this Court or any Court of Appeals, and they do not implicate a federal question that has not been decided by this Court. Accordingly, the Company has not carried its burden of demonstrating "compelling reasons" for the Petition to be granted. *See* Sup. Ct. R. 10.

### I. The District Court's Ruling and Fifth Circuit's Affirmation Has Been Mischaracterized by the Petitioner.

In the Petition, the Company attempts to create an issue where none exists. In fact, the language used by the Company in its Petition is telling:

> The Fifth Circuit's affirmation of the District Court's ruling **seems to establish a precedent** within the Fifth Circuit that the use of the license agreement and the consent-to-use agreement by Brennan's Inc. has weakened its "BRENNANS" trademark.

Petition at 13 (emphasis added). However, the Fifth Circuit's affirmation does not even mention the agreements that the Company attempts to place in issue on this appeal. The "seems to establish" language used by the Company confirms that the issue attempted to be raised is simply a figment of a very creative and manipulative imagination. In fact, the consent agreements are only mentioned by District Court in an innocuous footnote. *See Brennan's, Inc.*, 512 F. Supp. 2d at 569 n. 13. Furthermore, after concluding that both the 1979

and 1998 agreements were "consent-to-use" agreements, the District Court used the agreements to sort out one of the factors of confusion – "intent of the parties to cause confusion." Contrary to the claims of the Company, the District Court did not hold that the existence of the agreements resulted in an admission against interest by the Company nor an affirmative defense for Clark and Blake, nor did it rule that the Company acquiesced in the use of the mark by entering in to the agreements with third parties, nor was there any ruling that the Company was estopped in asserting its infringement action because of the existence of these agreement. Therefore, the issue raised in the Petition is in fact, not an issue at all. Accordingly, the Court should deny the Company's Petition.

## II. The Split in Circuit Court Decisions is Mythical.

In addition to creating a ruling that does not exist, the Company has also manufactured a "split" in circuit court decisions. While it is true that some courts have allowed consent agreements to serve as complete defense to trademark infringement and opposition actions, courts on a regular and consistent basis, review the agreements at issue, and based upon the facts and circumstances of each case, use the language contained in the agreements, and the stated intent of the contracting parties, in the likelihood of confusion analysis.

### A. Consent Agreements – Defined

Consent-to-use[1] agreements have been defined as those agreements whereby an owner of a mark consents to the use of the same or similar mark by another in a defined format, market, or territory. When such an agreement exists, the consent is a factor to be considered in the likelihood of confusion analysis.

The USPTO Trademark Examiners Manual defines consent agreements as follows:

> The term "consent agreement" generally refers to an agreement in which a party (e.g., a prior registrant) consents to the use and/or registration of a mark by another party (e.g., an applicant for registration of the same mark or a similar mark), **or in which each party consents to the use and/or registration of the same mark or a similar mark by the other party**.

*Practitioner's Trademark Manual of Examining Procedure* § 1207.01(d)(viii) (4th ed. 2007) (emphasis added).

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[1]In this brief in opposition and the decisions cited herein, the term "consent agreement" and "consent-to-use" agreement are used interchangeably. Arguably, consent-to-use agreements define agreements where the parties consent to ongoing or future use in the marketplace of the same or similar marks, and consent agreements are broader in nature and in addition to including consent-to-use agreements and consent-to-register agreements.

Here, without question, the agreements at issue are consent agreements. In fact, the District Court held that the "stated purpose of those consent-to-use agreements was to delineate acceptable uses of the mark toward a goal of avoiding confusion of the trade or public . . . ." *Brennan's, Inc.*, 512 F. Supp. 2d at 568. The agreements describe in detail the format for use of the mark and how and where it is to used, in an effort to limit, or eliminate, marketplace confusion over the use of the family surname Brennan by family members operating restaurants. Surely, both the 1979 and 1998 Agreements operate as consent agreements.

### B. Consent Agreements – Usage

Consent agreements are relevant in the confusion analysis because they may dilute the strength of the mark and make confusion unlikely. Scholars have discussed how much weight can be given to consent agreements in trademark infringement and opposition actions:

> That a third party uses a mark under a settlement, consent or other agreement with the complainant is again not technically a legal defense which may be relied upon by the defendant without privity. However, such an agreement, if admissible, may be evidence in the nature of an admission against interest by the complainant that confusion is unlikely in the case at hand, if the circumstances are comparable and the usage substantial.

Richard L. Kirkpatrick, *Likelihood of Confusion in Trademark Law* § 3:6.3 (2008) (footnotes omitted).

> A consent to a defined format, market or territory at least implicitly admits that the permitted use is noninfringing. In a future infringement suit against a nonparty to the consent, such a third party may point to the consent as an admission by plaintiff that a defined usage is noninfringing. Defendant will then argue that its own use is within the defined field permitted by the consent. The defense is similar to an estoppel in that defendant argues that plaintiff is precluded by the consent agreement from claiming that defendant's usage is an infringement.

3 J. Thomas McCarthy, *McCarthy on Trademarks & Unfair Competition* § 18:81 (4th ed. 2008).

The rationale in using consent agreements in considering whether confusion is likely to exist is succinctly stated in *In Application of E.I. DuPont DeNemours & Co.*, 476 F.2d 1357, 1363 (C.C.P.A. 1973) (emphasis added):

> [W]hen those most familiar with use in the marketplace and most interested in precluding confusion enter agreements designed to avoid it, the scales of evidence are clearly tilted. **It is at least difficult to maintain a subjective view that confusion will occur when those directly concerned say it won't.** A mere *assumption* that confusion is likely will rarely prevail against uncontroverted evidence from those on the firing line that it is not.

The Federal Circuit has held that consent agreements should be accorded great weight and has chastised the USPTO for substituting its judgment for the reasoning of the real parties in interest. *Amalgamated Bank v. Amalgamated Trust & Sav. Bank*, 842 F.2d 1270 (Fed. Cir. 1988).

At the very least, the courts allow the introduction of consent-to-use agreements to be considered as one of the factors in the multi-factor confusion analysis. As discussed in more detail in the following section, because consent agreements come in a wide variety of forms, the weight given to consent agreements depends upon the facts and circumstances of each case.

### C. The Federal Circuit Considers Consent Agreements in its Likelihood of Confusion Determination.

The Company would have this Court believe that parties in the Federal Circuit defending trademark infringement and opposition actions, cannot introduce consent agreements to defend or support their claims. However, the predecessor court to the Federal Circuit, the Court of Customs and Patent Appeals, has held that third parties may introduce such agreements to support their claims of absence of confusion.

In *Swedish Beer Export Co. Aktiebolag v. Canada Dry Corp.*, 469 F.2d 1096., 1097 (C.C.P.A. 1972), the trademark owner of SKOL for beer opposed the registration of SKOLA for soft drinks. The appellate court held that when a party to a consent-to-use agreement seeks to oppose a third party registration

of a similar mark, the terms of the consent are evidence of the lack of likely confusion. *Id.* The appellate court opined "[t]he acquiescence of a registrant, in a concurrent use of another for a similar mark on different goods in the belief he will not be injured is evidence that there is little likelihood of confusion." *Id.* Thus, it is clear that the Federal Circuit and its predecessor court consider the "consent-to-use" agreements as evidence to be considered along with all of the other facts and circumstances in deciding whether there is a likelihood of confusion. *See also In re Superior Outdoor Display, Inc.*, 478 F.2d 1388 (C.C.P.A. 1973) (consent agreement which asserted ten years of concurrent use without confusion and such marketplace divergence between the goods rendered confusion unlikely).

The Company cites *In re Majestic Distilling Co., Inc.*, 315 F.3d 1311 (Fed. Cir. 2003) and *CBS, Inc. v. Morrow*, 708 F.2d 1579, 218 U.S.P.Q. 198 (Fed. Cir. 1983) as authority for the alleged "split" in circuit courts. However, each of these Federal Circuit cases can be distinguished.

In the *Majestic* case, the Federal Circuit determined based upon the facts and circumstances of that particular case there was no presumption or an admission of lack of confusion. *Majestic*, 315 F.3d at 1311. The *Majestic* court distinguished the consent agreement at issue in that case from others used by courts to confirm lack of confusion. The *Majestic* court held that because the consent agreement contained express disclaimers and limitations on the use of the mark on products, it

could not presume no confusion. *Id.* at 1318. Here, there are no disclaimers or other limitations on the use of the "Brennan's" mark. In fact, the 1998 agreement allows Dickie Brennan to use the mark however and where ever he chooses, just so long as he abides by the format for usage (*e.g.* no script writing, first name is included in the use of the mark and displayed with equal prominence as the surname Brennan). Accordingly, the *Majestic* decision has no application to the facts and circumstances presented in the Company's Petition.

Similarly, in the *CBS* decision, the Federal Circuit found that because there was no evidence that the non-litigant to the consent agreement ever filed or even considered filing for a trademark, the consent agreement did not carry much weight. *CBS*, 708 F.2d at 1582. The *CBS* court put much credence in the fact that no application for a trademark was made. The *CBS* court noted that registration "gives the registrant a set of nationwide rights and statutory presumptions which differ in kind from those based upon a mere consent to concurrent use of a trade name in an isolated geographic location." *Id.* Here, the non-litigant party (Dickie Brennan) to the 1998 Consent Agreement, submitted a trademark application with the USPTO. The terms of the 1998 Agreement contemplated that he was within his contractual rights to do so. Unlike the restrictions contained in the *CBS* consent agreement, there was no geographic or other limitations placed upon Dickie's right to use the mark. Dickie was granted unlimited rights to create, register and apply for the agreed upon version of the "Brennan's" mark and use

it anywhere as long as it met the format contained within the agreement. The Federal Circuit's *CBS* decision is therefore also easily distinguished.

An accurate summary of how the Federal Circuit considers consent agreements is found in *In re N.A.D., Inc.*, 754 F.2d 996 (Fed. Cir. 1985). The *N.A.D., Inc.* court held that a consent given by a competitor well acquainted with relevant business practices, when taken together with all of the other facts was sufficient to overturn the USPTO board and the Examining Attorney finding of a likelihood of confusion. The Federal Circuit opined:

> Consents come in different forms and under circumstances in infinite variety. They are, however, but one factor to be taken into account with all of the other relevant circumstances bearing on the likelihood of confusion referred to in § 2(d). *Dynamics Research Corp. v. Langenau Mfg. Co.*, 704 F.2d 1575, 217 U.S.P.Q. (BNA) 649 (Fed. Cir. 1983) (likelihood of confusion depends upon all the facts, or overall facts, of the case). The board spent much of its opinion analyzing and dissecting the marks in arriving at its opinion that they are "confusingly similar," and then finding it "axiomatic that confusion is likely when confusingly similar marks are used to identify closely related goods and services." We have never found anything axiomatic about the application of § 2(d) to fact situations, especially when consent agreements are involved. All aspects of the

> fact situation must be appraised and the situation judged as a whole.

*Id.* at 999.

Similarly, in *Bongrain Int'l (Am.) Corp. v. Delice de France, Inc.*, 811 F.2d 1479, 1484-85 (Fed. Cir. 1987), the Federal Circuit reversed a finding by the Board that confusion was likely between similar marks for nonidentical goods despite the parties' presentation to the Board of a detailed consent agreement. The Federal Circuit criticized the Board for having "essentially synthesized its own case for likelihood of confusion . . . ." The *Bongrain* court concluded that the Board "appears effectively to have ignored the views and conduct of the parties merely because it harbored a different view from the parties on likelihood of confusion" and that, "on the basis of the situation as a whole and in light, at least, of all 13 of the DuPont factors' upon which Bongrain relied before the board and here," it was constrained to find no likelihood of confusion to exist. *Id.* at 1485.

Clearly, the Federal Circuit does not ban the use of consent-to-use agreements in the multi-factor likelihood of confusion analysis; instead, it can be fairly said that the Federal Circuit embraces consent agreements and allows them to be considered along with all of the other facts and circumstances surrounding the alleged confusingly similar mark. Because the Federal Circuit was the only circuit court cited by the Company in support of its "split" in jurisdictions, the Petition must fail because the "split" simply does not exist.

### D. Other Circuit Courts, District Courts and Trademark Board Decisions Allow Consent Agreements to Be Considered in the Determination of the Likelihood of Confusion Factors.

The Federal Circuit rulings are consistent with all of the other circuit courts that have considered the "consent-to-use" agreement. *California Fruit Growers Exchange v. Sunkist Baking Co.*, 166 F.2d 971(7th Cir. 1947) (where A and B by contract consent and agree that there will be no confusion by use of the same mark on closely related food products, they cannot claim that there will be confusion from defendant's use of the mark on other food); *Freedom Card, Inc. v. JPMorgan Chase & Co.*, 432 F.3d 463 (3rd Cir. 2005) (plaintiff's consent agreement and arguments to the PTO constituted either judicial estoppel, an admission, waiver or **"simply hoisting [plaintiff] on its own petard"**); *Croton Watch Co. v. Laughlin*, 208 F.2d 93, 96 (2d Cir. 1953) (court found a recitation contained in the consent agreement that there was no confusion to be an "admission," which could be invoked even by a person not a party to the consent agreement).

In addition to appellate court jurisprudence, countless district court cases support Clark and Blake's position that consent-to-use agreements are relevant in the likelihood of confusion determination. *Campbell Soup Co. v. Armour & Co.*, 81 F. Supp. 114, 120 (D. Pa. 1948), *aff'd on other grounds*, 175 F.2d 795 (3d Cir. 1949), *cert. denied*, 338 U.S. 847, 94 L. Ed. 518, 70 S. Ct. 88, 83 U.S.P.Q. 543 (1949) (Campbell Soup and Carnation consented to each

other's use of a red and white banded label and joined against Armour which used a red and white label on canned meats - - the court held that the plaintiffs engaged in "very dubious reasoning" to argue that there would be public confusion caused by Armour's slightly different red and white label); *American Chicle Co. v. Topps Chewing Gum, Inc.*, 112 F. Supp. 848 (D.N.Y. 1953), *aff'd*, 210 F.2d 680, 101 U.S.P.Q. 133 (2d Cir. 1954) (*id.*); *Universal City Studios, Inc. v. Nintendo Co.*, 578 F. Supp. 911 (S.D.N.Y. 1983), *aff'd on other grounds*, 746 F.2d 112, 223 U.S.P.Q. 1000 (2d Cir. 1984) (agreements whether they be considered licenses or consents to use have a substantial impact in the likelihood of confusion analysis); *Knaack Mfg. Co. v. Rally Accessories, Inc.*, 955 F. Supp. 991, 42 U.S.P.Q.2d 1649 (N.D. Ill. 1997) (consent-to-use agreements with third parties restrict the scope of the mark and limits a parties ability to assert infringement); *Peyrat v. L. N. Renault & Sons, Inc.*, 247 F. Supp. 1009 (S.D.N.Y. 1965) (consent agreement made 14 years previously settling litigation is a factor to be considered); *Mushroom Makers, Inc. v. R.G. Barry Corp.*, 441 F. Supp. 1220, 1231 (S.D.N.Y. 1977), *aff'd*, 580 F.2d 44 (2d Cir. 1978) (no likelihood of confusion when plaintiff had previously executed a consent agreement with a third party settling a dispute that allowed use of the mark for shoes); *American Fid. & Liberty Ins. Co. v. American Fid. Group*, 2000 U.S. Dist. LEXIS 13863, 44-45 (E.D. Pa. Sept. 25, 2000) ("If an owner of a mark consents to the use of the same or a similar mark by another in a defined format, market, or territory, that consent is a factor to be considered as to the existence of a likelihood of

confusion in an infringement claim against a third party for the same or a similar use, but is not conclusive").[2]

The only district court decision cited in support of the Company's Petition is *Playboy Enterprises, Inc. v. Chuckleberry Publishing, Inc.*, 486 F. Supp. 414, 423 n. 10 (S.D.N.Y. 1980). In the *Playboy* decision, the district court discussed in a footnote that

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[2] In addition the Trademark Trial and Appeal Board has adopted a similar analysis. *In re The Biltmore Company A/K/A Biltmore Estate*, 2002 WL 471795 (Trademark Tr. & App. Bd.)(a consent agreement between the registrants and applicant's mark is significantly different in sound, appearance, and meaning from the cited registrations and confirms finding that registrations can co-exist without a likelihood of confusion); *In re Pacific Life Insur. Co.*, 2004 WL 1090645 (Trademark Tr. & App. Bd.) (Board reversed refusal by Examining Attorney and discussed the application of consent agreement in the likelihood of confusion analysis). *But see, Andersen Corp. v. Therm-O-Shield International, Inc.*, 1985 WL 72080 (Trademark Tr. & Appeal Bd.) (consent agreements for use of sufficiently dissimilar products cannot be used in estoppel defense); *University of Southern California v. University of South Carolina*, 2008 WL 3333839 (Trademark Tr. & Appeal Bd.) (use of the trademark "SC" by Spellman College, although some evidence in Carolina's favor, is not entitled to significant probative value in the Board's likelihood of confusion determination); *DC Comics v. Pan American Grain Mfg. Co., Inc.*, 2005 WL 2093233 (Trademark Tr. & Appeal Bd.) (decision cited by the Company in Petition)(agreement was not clear as to the specific marks and goods covered and therefore could not serve as a presumption or an admission that another's use of the mark is not likely to cause confusion).

settlement agreements giving consent to use a mark to another party are not admissible under Rule 408 of the Federal Rules of Evidence. Here, there was no contemporaneous Rule 408 objection and therefore this authority is easily distinguished.

Other district court decisions not cited by the Company support its claim, but are likewise easily distinguished. *Patsy's Italian Restaurant, Inc. v. Banas*, 508 F. Supp. 2d 194 (E.D.N.Y. 2007) (evidence of the terms of an oral consent agreement contradictory and enforcement is prohibited by the statute of frauds); *McNeil Laboratories, Inc. v. American Home Products Corp.*, 416 F. Supp. 804 (D. N.J. 1976) (permissions to use suffix "nol" granted to small manufacturers of no great importance in considering the "likelihood of confusion" factors because of the much more significant market position of American Home Products in relation to the small pharmaceutical manufacturer).

### E. Summary

Accordingly, there is no "split" in circuit courts. The "split" is nothing more than a jurisprudential smokescreen. The Court should therefore deny the Company's Petition.

## III. Contrary to the Company's Baseless Statement in its Petition, the Fifth Circuit's Affirmation of the District Court's Decision Does Not Result in a Departure from Established Precedence.

Contrary to the Company's statement of the law of trademark licensing, not all licensing strengthens a trademark. In fact, some licenses serve to weaken one's trademark resulting in the courts refusing to allow a party to prosecute infringement actions.

While it is true that the courts allow for licensing coupled with quality control, it also true that "naked" licensing is considered tantamount to abandonment of a trademark and can be used against a party in the threshold question of whether a party is estopped from asserting rights to a trademark. Insufficient controls signal involuntary trademark abandonment and erode a party's right to claim trademark infringement or confusion. As explained in *Moore Business Forms, Inc. v. Ryu*, 960 F.2d 486, 489 (5th Cir. 1992):

> A trademark owner may grant a license and remain protected provided quality control of the goods and services sold under the trademark by the licensee is maintained. *Taco Cabana Int'l, Inc. v. Two Pesos, Inc.*, 932 F.2d 1113 (5th Cir.1991), *cert. granted in part*, 502 U.S. 1071, 112 S.Ct. 964, 117 L.Ed.2d 130 (1992); *Denison Mattress Factory v. Spring-Air Co.*, 308 F.2d 403 (5th Cir.1962). Without

> adequate control of the licensee, a court may find that the trademark owner has abandoned the trademark, in which case the owner would be estopped from asserting rights to the trademark. *Kentucky Fried Chicken Corp. v. Diversified Packaging Corp.*, 549 F.2d 368 (5th Cir.1977); *Sheila's Shine Products, Inc. v. Sheila Shine, Inc.*, 486 F.2d 114 (5th Cir.1973).

Here, the Company mischaracterizes the Fifth Circuit's opinion by claiming "that the Fifth Circuit classified all uses of the 'BRENNAN'S' mark under both the 1979 License Agreement and the 1998 Agreement as third party uses instead of uses sanctioned by Brennan's Inc. by one of the agreements." Petition at 30. To the contrary, the Fifth Circuit's opinion makes no mention of licenses. Furthermore, even if one assumes *arguendo* that the Fifth Circuit somehow found the agreements to be licenses – which Clark and Blake deny – the 1998 agreement is nothing more than a naked license without the requisite quality controls needed to ensure quality. Therefore the Company should be estopped from raising trademark infringement claims. For these additional reasons, the Court should deny the Company's Petition.

## IV. Even If a Circuit Court Conflict Exists, this Case Is a Poor Vehicle for Resolving It.

Lower courts have produced adequate steps in analyzing evidence relating to customer confusion in trademark infringement actions. Even assuming

*arguendo* that a split exists, this case does not provide the Court with an adequate vehicle to address the split because the Company loses no matter how the law is interpreted. The end result is the same – the Company has not established the likelihood of customer confusion and thus is not entitled to a preliminary injunction. In addition, if there is a split in circuits, it has existed since 1983, the date of the *CBS* decision cited by the Company, and in the last quarter century there has not been widespread confusion or lack of uniformity in the federal system with regard trademark infringement cases and application of the likelihood of confusion factors. Finally, the facts are so one-sided that this case would be decided in favor of Clark and Blake no matter how the alleged conflict is resolved. For this additional reason the case is a poor vehicle to resolve a circuit conflict. Gressman, Geller *et al.*, *Supreme Court Practice* (9th ed. 2007) 504. If this Court wishes to address a conflict among circuits' application of consent agreements, it should wait for a meaningful case. This case does not present the compelling reasons required under Supreme Court Rule 10 for the grant of certiorari. For these additional reasons, the Court should deny the Company's Petition.

## CONCLUSION

For the foregoing reasons, the Court should deny the Company's petition for a writ of certiorari.

Respectfully submitted,

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